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BEFORE THE
SURFACE TRANSPORTATION BOARD



EX PARTE NO. 582

PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS

SUMMARY OF COMMENTS OF THE NATIONAL MINING ASSOCIATION
SUBMITTED ALSO IN THEIR ENTIRETY

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MARCH 9, 2000



The National Mining Association (NMA) represents companies engaged in producing coal, metallic ores, and nonmetallic minerals, and manufacturers of mining machinery and equipment. NMA member companies produce approximately two-thirds of the coal consumed in the United States or exported to other countries, and most of the U.S. production of metallic ores and other nonmetallic minerals. The Nation's railroads are principal sources of freight services required to transport mining commodities, especially coal, to supply markets in the U.S. and in other countries.

With that in mind, it is recommended that standards be established for levels of services in selected categories of railroad freight, and that the railroads furnish reports periodically in relation to the standards to the Surface Transportation Board for subsequent reporting to the public. The performance standards should be developed in consultation with railroad commodity producers and shippers, the carriers, and national security representatives.

In a directly related action, NMA and the Association of American Railroads, on December 14, 1999, signed an agreement on coal transportation which places a priority focus on matters dealing with railroad services. In January 2000 a Joint Coal Logistics Committee established pursuant to the NMA-AAR agreement held its first meeting. Among the items on the meeting agenda was discussion on measuring the quality of railroad services. This will be an element of the Committee's deliberations in the coming months as the cooperation of our industries continues pursuant to the joint agreement.

Coal producers and shippers are highly interested in seeing that rail carriers operate their systems in a cost effective manner. Not only is coal the railroads' leading commodity, coal producers and shippers often must rely on a single rail carrier to acquire essential transportation services. That is borne out clearly by examining railroad revenue-to-variable cost ratios for particular railroad commodities. During the 7-year period, 1990 to 1996, the ratio that exceeded 180 percent for coal was 70% higher than for all freight, including coal, on average.

continued . . .

The views of the mining industry on major rail consolidations can be summarized in five points.

- First, major rail consolidations must not result in widening railroad market dominance by eliminating intramodal competition where such competition is in existence. Market dominance occurs where a single carrier represents the sole source of effective transportation for the movement of the same commodity from the same origination to the same termination, a condition frequently faced in coal distribution.

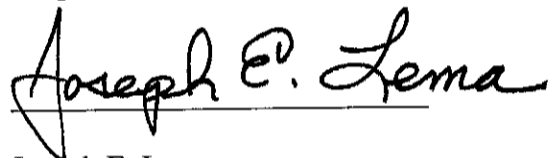
- Second, performance standards for railroad services should be established to measure the quality of railroad services, not simply show the efficiency of railroad operations.

- Third, railroad services standards should focus on timeliness and reliability of train arrivals not only at freight terminations, e.g. power plants, but also at freight originations, e.g. coal mines.

- Fourth, the development of railroad services standards is a matter that should be acted upon cooperatively by commodity producers and shippers, rail carriers, national security representatives, and others, working in concert under proceedings of the Surface Transportation Board, an activity that should be undertaken today.

- Fifth, the development of railroad services standards should be accompanied by the formulation of guidelines for effective communications among train dispatch, command, and control centers, train crews, local railroad units, and commodity producers and shippers in order to increase cost effectiveness of commodity production and distribution attributable to timeliness in train utilization.

Respectfully submitted,



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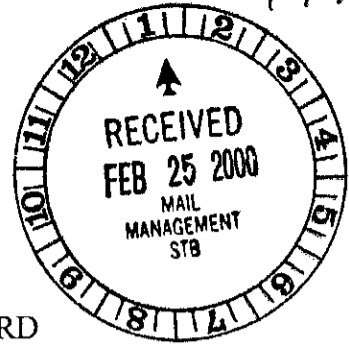
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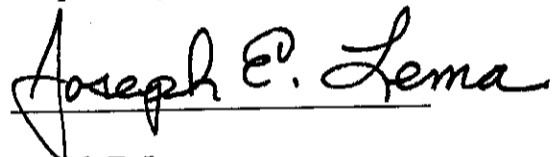
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